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Reagan and Cabinet Set Japan Trade Meeting

By CLYDE H. FARNSWORTH

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WASHINGTON, Dec. 6 — President Reagan will meet with his Cabinet next week to try to shape a comprehensive strategy for dealing with the record trade deficit with Japan, Administration officials said today.

The strategy session will be held on Tuesday, three weeks before Mr. Reagan will see Prime Minister Yasuhiro Nakasone of Japan. Among other things, the discussion will touch on trade in autos, copyright issues, access to Japan's high-technology markets and "transparency," or more disclosure of what is being considered by the Japanese Government.

The two leaders are scheduled to sit down together in Los Angeles on Jan. 2 for their fifth encounter since Mr. Nakasone came to power in late 1982. The importance the White House attaches to shaping an overall strategy was underscored by the decision to convene the entire Cabinet.

Meanwhile, American and Japanese negotiators in Washington agreed that imports of Japanese finished steel would not exceed 5.8 percent of the United States market.

American officials said they expect that President Reagan will urge Mr. Nakasone to put into effect policies

for faster economic growth in Japan, so as to draw in more imports, including goods from the United States. In July, August and September, Japan's economy expanded at an annual rate of 3 percent, a pace Washington regards as too slow.

In support of their contention that Japan can reasonably be expected to import more, American officials assert that with the world's second-largest economy, after the United States, Japan imports only about as much as Switzerland, a far smaller country. And while the United States absorbs 52 percent of the imports of developing countries, Japan buys 8 percent, they contend.

'Rend the Fabric'

"The trade deficit is threatening to poison the overall relationship with Japan," said Clyde V. Prestowitz, counselor to Commerce Secretary Malcolm Baldrige and the top departmental aide on Japan issues.

"The European Community and Korea have similar problems, so it's not just the United States," he added, noting that "this is something that could rend the fabric of the whole trading system."

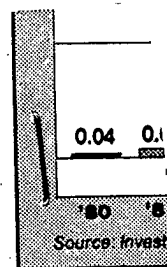
The United States trade deficit with Japan is estimated at \$35 billion for

nettlesome, complex instrument. Misunderstanding and confusion abounded among those who had bought into the unit trusts. As a result, last year Ginnie Mae products became one of the largest sources of consumer complaints to the Securities and Exchange Commission. Sales tumbled to \$185 million in the first nine months of this year.

'General Lack of Understanding'

"There was a general lack of understanding of the concept, not only among the general public, but among many of the brokers selling them," said Robert T. Hennes, a vice president of Bernstein-Macaulay Inc., a Shearson Lehman/American Express subsidiary that manages its fixed-income funds.

Not discouraged, Wall Street marketing executives have tried again, by bringing out a second generation of Ginnie Mae products for the small investor. This time, they are being offered in the form of mutual funds, and sales once more are shooting upward. By the end of September, Ginnie Mae mutual fund assets totaled \$3 billion, up from \$1.6 billion in January, and well above the \$306 million at the beginning of 1983, according to the In-



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